Letter to Shareholders

Dear Shareholders,

Artificial Intelligence has been a promising technology for more than seventy years. For much of this time, AI simply wasn't good enough. The gap between promise and performance has narrowed dramatically over the last three years. And now, AI is poised to radically transform how enterprises work, make decisions, and build products.

Problems that once took months to solve now take minutes. Capabilities that once required years of custom engineering can now be delivered through intelligent agentic platforms. Most enterprises are still in the early stages of realizing what this means for how they operate. The economic value AI will create has barely begun to materialize.

Fractal has spent more than two decades preparing for this opportunity.

What we do

Large organizations make thousands of decisions every day, across pricing, supply chains, logistics, inventory, product strategy, and customer experience. Most of those decisions happen inside complex systems where data is fragmented, processes are manual, and the cost of error is high.

Fractal builds AI that connects directly to enterprise data and workflows, helping companies make better decisions.

Consider two examples.

- For revenue growth management, our AI helps companies understand demand, optimize pricing and promotions, and grow their category. These are decisions that happen daily, across hundreds of SKUs, in markets that move constantly. Getting them right is worth billions of dollars.
- In supply chain, our AI moves products through global logistics networks at the lowest cost while maintaining on-time delivery and the right inventory levels. The difference between a well-run supply chain and a poorly run one shows up in working capital, service levels, and competitive position.

These problems sit at the heart of how modern enterprises operate. When Fractal improves these decisions, companies grow faster, operate more efficiently, and create greater economic value.

Enterprise AI

Consumer AI has a forgiving error tolerance. A system that performs correctly 90% of the time is genuinely useful when the stakes are low.

Enterprise AI operates under a higher standard. When AI is influencing pricing decisions, logistics routing, or inventory commitments, accuracy is the prerequisite for adoption. Clients need systems they can trust enough to run their businesses on.

This is why the gap between AI capability and enterprise deployment remains so wide, and it is where Fractal has built its advantage. We have earned trust inside complex enterprise environments, one decision system at a time.

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Why Fractal

One number captures the strength of our model better than any other: Net Revenue Retention of 114%.

When an enterprise begins working with Fractal, the relationship grows. We earn trust with one decision system, then earn the right to the next. Over time, Fractal becomes embedded in how the organization operates, less like a vendor and more like a core part of the decision-making infrastructure.

This reflects the nature of enterprise AI adoption. Organizations move carefully. They start with a use case, prove the value, and expand. Fractal is built to accelerate that journey at every stage.

Our results reflect this foundation.

Revenue this quarter grew 21% year over year to INR 8,544 million, driven by expansion within existing client relationships and new enterprise wins. Adjusted EBITDA margin reached 18%. Operating cash flow was INR 1,294 million.

From 2016 to today, Fractal has grown at a compounded annual rate of roughly 30%, including 29% over the past five years. During this period, we have built a strong reputation with our clients, reflected in a Net Promoter Score above 70, and long-standing relationships built on client focus, AI innovation, and a strong workplace culture.

For many years Fractal has been something of a best-kept secret in the world of AI. Our reputation has grown steadily, even as our public visibility remained limited. Becoming a public company helps close that gap by bringing broader awareness to the work we have been doing.

The road ahead

Enterprise AI adoption will unfold over many years.

Even if AI capabilities stopped improving today, most organizations would still need years to absorb what is already possible. The gap between what AI can do and what enterprises have actually deployed remains wide. That gap is where Fractal operates.

As AI performance improves, the range of decisions it can support will expand. Entire workflows will be redesigned. The companies that will define the next era of enterprise AI are those with the domain expertise, client relationships, and track record to deliver reliably. Fractal has spent more than two decades building all three.

The age of enterprise AI is only beginning. And we intend to shape it.

Thank you for your trust.

Srikanth Velamakanni
Co-Founder and Group Chief Executive
Fractal